
Housing Committee

HB 2848

Brief Description: Concerning a voluntary contribution program for property owners taking the multifamily property tax exemption.

Sponsors: Representatives Ormsby, Barlow, Springer and Simpson.

Brief Summary of Bill

- Require cities issuing multi-unit housing property tax exemptions to create a voluntary contribution program in collaboration with the county treasurer wherein property owners taking a tax exemption have an opportunity to contribute monies that will be used by the city for affordable housing projects.

Hearing Date: 1/24/08

Staff: Robyn Dupuis (786-7166).

Background:

The Multi-Unit Housing Property Tax Exemption Program

New, rehabilitated or converted multi-unit housing projects in targeted residential areas are eligible for an 8 or 12-year property tax exemption (depending upon whether or not the property owner commits to meeting specific affordable housing requirements) offered by eligible and participating cities. The property tax exemption may be applied to new housing construction and the increased value of a building due to rehabilitation. The exemption does not apply to the land or the non-housing improvements. If the property changes use before the exemption ends, then back taxes are recovered based on the difference between the taxes paid and taxes that would have been paid without the tax exemption.

Cities Eligible to Participate

Cities eligible to offer the multi-unit housing property tax exemption are:

- (a) Those with a population of at least 15,000 people;
- (b) The largest city or town located in a county planning under the Growth Management Act (GMA) if there is no city with a population of at least 15,000; and

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(c) Cities with populations of at least 5,000 within "buildable lands" counties under the GMA.

Housing Project Requirements

There are a variety of requirements all multi-unit housing projects must meet to qualify for the tax exemption, including:

1. The housing must be located in a residential targeted area as designated by the city.
2. The housing must meet the guidelines as adopted by the city which may include density, size, parking, income limits for occupancy, limits on rents or sale prices and other adopted requirements.
3. 50 percent of the space must be for permanent residential occupancy.
4. New construction must be completed within three years of the application's approval.
5. Property to be rehabilitated must be vacant at least 12 months prior to application.
6. The applicant must enter into a contract with the city to agree to terms and conditions.

Reporting

All cities issuing multi-unit housing property tax exemptions must report annually to the Department of Community, Trade and Economic Development (DCTED) regarding the activities and outcomes of the multi-unit housing property tax exemption program.

Summary of Bill:

Voluntary Contribution Program

All cities issuing multi-unit housing property tax exemptions must establish a voluntary contribution program. County treasurers will notify property owners who are taking the multi-unit housing property tax exemption of their exempt value and exempt amount and will request that they make a voluntary contribution in any amount to the county treasurer. These monies will be distributed to the appropriate city or cities to be used for eligible affordable housing activities that provide housing opportunities for very low-income households.

Eligible Housing Activities:

- (a) Acquiring, constructing, or rehabilitating housing projects or units within housing projects, including units for homeownership, rental units, seasonal and permanent farm worker housing units, single room occupancy units, transitional housing units, supportive housing units, and homeless shelter units;
- (b) Operating and maintaining housing projects or units within housing projects, including emergency homeless shelters, youth shelters, transitional housing, and permanent housing;
- (c) Providing rental vouchers for persons who are homeless or in immediate danger of becoming homeless;
- (d) Providing services to prevent homelessness, such as emergency eviction prevention programs and including temporary rental and mortgage assistance to prevent homelessness;
- (e) Providing temporary services to assist persons leaving state institutions and other state programs to prevent them from becoming or remaining homeless; and
- (f) Renting and furnishing dwelling units for the use of homeless persons.

Cities may match amounts contributed by property owners.

Reporting

All cities issuing multi-unit housing property tax exemptions must include in their annual report to the DCTED:

- (a) The amount voluntarily contributed by property owners; and
- (b) The activities funded by the city with the moneys acquired through the voluntary contribution program.

Appropriation: None.

Fiscal Note: Requested on January 16, 2008.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.